

# AMENDED

Salerno Holdings Limited

Annual report and consolidated financial statements  
for the period ended 30 June 2016

Registered number: 09590377

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# Salerno Holdings Limited

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# **Salerno Holdings Limited**

## **Directors and advisers for the period ended 30 June 2016**

### **Directors**

J J Mangan  
B M Croghan  
M Ponsonby  
D J Ponsonby

### **Company secretary**

J J Mangan

### **Registered office**

6100 Knights Court  
Solihull Parkway  
Birmingham Business Park  
Solihull  
West Midlands  
B37 7WY

### **Independent auditor**

Mazars LLP  
45 Church Street  
Birmingham  
B3 2RT

### **Bankers**

Barclays Bank Plc  
Barclays Business Centre  
38 Hagley Road  
Edgbaston  
Birmingham  
West Midlands  
B16 8NY

### **Registered number**

06004360

# Salerno Holdings Limited

## Strategic report for the period ended 30 June 2016

The Directors present their strategic report for the period to 30 June 2016.

### BUSINESS REVIEW

The Group continued its principal activities throughout the period. Trading conditions within the logistics sector have been challenging but the Group has continued to attract new clients and develop and achieve growth from existing clients. Taking into consideration the rapid growth of turnover and the challenging gross margins, the directors are satisfied with the profits achieved in the period.

### FINANCIAL PERFORMANCE DURING THE PERIOD

As reported in the Group's statement of comprehensive income, there was a big increase in turnover which yielded only a slight increase in gross profit. Turnover for the Group increased by 37% on an annualised basis and EBIT increased from a £169k profit to £735k.

Management use a range of performance measures to monitor and manage the business. The financial key performance indicators are set out below.

	2016	2015
Gross profit margin	9.9%	10.4%
Earnings before interest and tax ('EBIT')	3.3%	1.1%
Current ratio (Current assets/Current liabilities)	1.18	1.07
	£000	£000
Net cash inflow	605	220

### DEVELOPMENT AND FINANCIAL PERFORMANCE DURING THE YEAR

In addition to our core 4<sup>th</sup> Party Logistics business, the Group has quickly built up a fleet of 57 heavy goods vehicles and related trailers servicing our customers on routes in the UK. The fleet is likely to increase by a further 20% early in the new financial year. The intention is to continue to develop both the core business and own vehicle work in the new financial year. More effective utilisation of own fleet vehicles will be a key consideration.

### FINANCIAL POSITION AT THE REPORTING DATE

The balance sheet shows that the Group's net assets at the year-end increased from £1.925m at the prior year end to £2.463m. A net cash inflow of £605k was achieved versus the £220k inflow achieved by the Group in the previous year.

# **Salerno Holdings Limited**

## **Strategic report (Continued) for the period ended 30 June 2016**

### **PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS**

The principal risks and uncertainties facing the Group are as follows:

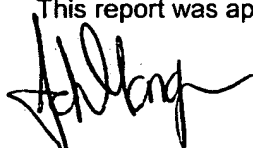
To progress the 4<sup>th</sup> Party Logistics business, the Group has developed strong working relationships with its key suppliers as part of the Corporate Alliance. These relationships are closely monitored and we are constantly striving to add good quality transport companies to meet the new and ongoing needs of our customers. Securing and retaining the services of good quality and reliable drivers underpins the development and consolidation of our own-fleet business.

Our personnel are key to the success of this organisation. Loss of key personnel is a risk faced by most businesses and we manage this risk by ensuring we train, reward and communicate with our people as effectively as possible.

The Group operates in very competitive markets, which always poses a risk to the on-going success of the business. It is therefore important to ensure we maintain our competitive edge through offering the best quality and most proactive transport solutions possible.

### **APPROVAL**

This report was approved by the board on 27 March 2017 and signed on its behalf by:



**J J Mangan  
Director**

# **Salerno Holdings Limited**

## **Directors report for the period ended 30 June 2016**

The Directors present their report and financial statements for the period ended 30 June 2016.

### **PRINCIPAL ACTIVITIES**

The Company was incorporated on 14 May 2015 and following a group reorganisation of Sorrento Holdings Limited, the company acquired all of the share capital of Sorrento Holdings Limited.

The Company operates as a holding company of two subsidiary undertakings whose principal activities are that of haulage contractors and property investment.

### **FUTURE DEVELOPMENTS**

The outlook for 2017 is one of further growth. The Group will continue to grow its turnover through both sub-contracted work and through its own fleet but also focus on the need to significantly drive up gross profit margins.

### **DIVIDENDS**

The directors have not paid any dividends in the period.

### **DIRECTORS**

The directors set out below have held office during the whole of the period from 14 May 2015 to the date of this report unless otherwise stated.

J J Mangan  
B M Croghan  
M Ponsonby  
D J Ponsonby

### **DIRECTORS' INDEMNITY**

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all the Company's directors.

# **Salerno Holdings Limited**

## **Directors' Report**

### **for the year ending 30 June 2016 (continued)**

#### **RESPONSIBILITIES OF DIRECTORS**

The directors are responsible for preparing the Strategic Report, Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* make judgments and accounting estimates that are reasonable and prudent;
- \* state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- \* prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **EMPLOYEE INVOLVEMENT**

The Group has well established structures and procedures for consultation and negotiation with its employees. Importance is placed on this aspect of the business and all managers have responsibility towards this end.

#### **DISABLED PERSONS**

The Group has an established policy of encouraging the employment of disabled persons whenever this is practicable.

# **Salerno Holdings Limited**

## **Directors' Report**

**for the year ending 30 June 2016 (continued)**

### **FINANCIAL INSTRUMENTS**

The Group uses financial instruments. Their existence exposes the Group to a number of financial risks which are described in more detail below.

#### **Currency risk**

The Group is exposed to foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are assessed and hedging is considered where the risks facing the Group are outside acceptable limits.

Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account.

#### **Credit risk**

The principal credit risk arises from trade debtors.

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR**

In the case of each of the persons who are directors of the company at the date when this report was approved:

- \* so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- \* each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

### **AUDITORS**

Mazars LLP were appointed as auditor during the period and will continue in office in accordance with CA 2006 s487(2).

### **APPROVAL**

This report was approved by the board on 27 March 2017 and signed on its behalf by:



**J J Mangan**  
Director



# **Salerno Holdings Limited**

## **Independent auditor's report to the members of Salerno Holdings Limited**

We have audited the group and parent company financial statements (the "financial statements") of Salerno Holdings Limited for the period ended 30 June 2016 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the Company statement of financial position, the Group and Company statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 30 June 2016 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## **Salerno Holdings Limited**

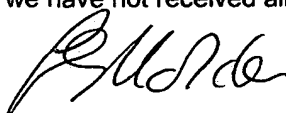
### **Independent auditor's report to the members of Salerno Holdings Limited (continued)**

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Ian Holder (Senior Statutory Auditor)  
For and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham  
B3 2RT  
28 March 2017

# Salerno Holdings Limited

## Consolidated statements of comprehensive income for the period ended 30 June 2016

		2016	Note 3 2015
	Notes	£	£
<b>Turnover</b>	5	<b>22,248,253</b>	16,250,485
Cost of sales		(20,041,077)	(14,565,894)
<b>Gross profit</b>		<b>2,207,176</b>	1,684,591
Administrative expenses		(1,652,089)	(1,590,963)
Other operating income		179,932	144,495
Loss on revaluation of tangible fixed assets		-	(68,678)
<b>Operating profit</b>	6	<b>735,019</b>	169,445
Interest receivable and similar income		776	487
Interest payable and similar charges	8	(19,183)	(23,387)
<b>Profit on ordinary activities before taxation</b>		<b>716,612</b>	146,545
Tax on profit on ordinary activities	9	(158,812)	(83,640)
<b>Profit on ordinary activities after taxation</b>		<b>557,800</b>	62,905
Profit for the period and total comprehensive income for the period attributable to:			
Equity holders		463,994	56,415
Non-controlling interest		93,806	6,490
		<b>557,800</b>	62,905

All of the activities of the company are classed as continuing.

There was no other comprehensive income for 2016 (2015: £Nil).

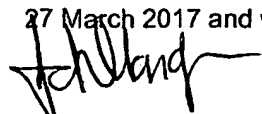
The notes on pages 15 to 29 form part of these financial statements.

# Salerno Holdings Limited

## Consolidated statement of financial position as at 30 June 2016

	Notes	2016 £	Note 3 2015 £
<b>Fixed assets</b>			
Tangible assets	10	574,963	587,660
Investment property	12	1,517,562	1,517,562
		<b>2,092,525</b>	<b>2,105,222</b>
<b>Current assets</b>			
Debtors	13	4,078,083	3,207,683
Cash at bank and in hand		582,133	137,583
		<b>4,660,216</b>	<b>3,345,266</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(3,964,629)</b>	<b>(3,121,556)</b>
<b>Net current assets</b>		<b>695,587</b>	<b>223,710</b>
<b>Total assets less current liabilities</b>		<b>2,788,112</b>	<b>2,328,932</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(323,534)</b>	<b>(403,677)</b>
Provisions for liabilities and charges	17	(1,523)	-
<b>Net assets</b>		<b>2,463,055</b>	<b>1,925,255</b>
<b>Capital and reserves</b>			
Called up share capital	18	1,000	1,000
Investment property revaluation reserve		44,026	44,026
Profit and loss account		2,151,080	1,707,086
<b>Total equity attributable to equity shareholders</b>		<b>2,196,106</b>	<b>1,752,112</b>
Non-controlling interests	19	266,949	173,143
<b>Total equity</b>		<b>2,463,055</b>	<b>1,925,255</b>

The financial statements set out on pages 9 to 29 were approved by the board of directors on 27 March 2017 and were signed on its behalf by:



J J Mangan  
Director

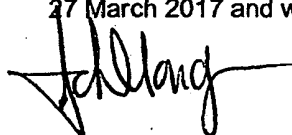
Company registered number 09590337

# Salerno Holdings Limited

## Company statement of financial position as at 30 June 2016

	Notes	2016 £
<b>Fixed assets</b>		
Investments	11	1,448,589
<b>Current assets</b>		
Debtors	13	1,000
<b>Net assets</b>		<b>1,449,589</b>
<b>Capital and reserves</b>		
Called up share capital	18	1,000
Investment revaluation reserve		1,448,589
<b>Total equity</b>		<b>1,449,589</b>

The financial statements set out on pages 9 to 29 were approved by the board of directors on 27 March 2017 and were signed on its behalf by:



**J J Mangan**  
**Director**

Company registered number: 09590377

# Salerno Holdings Limited

## Statement of changes in equity for the period ended 30 June 2016

GROUP	Share capital £	Investment property revaluation reserve £	Profit & loss account £	Total attributable to equity shareholders £
At 1 July 2014	1,000	5,713	1,650,671	1,657,384
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	56,415	56,415
<b>Other comprehensive income for the year</b>				
Investment property revaluation	-	38,313	-	38,313
At 1 July 2015	1,000	44,026	1,707,086	1,752,112
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	463,994	463,994
Dividend paid	-	-	(20,000)	(20,000)
<b>Other comprehensive income for the year</b>				
Investment property revaluation	-	-	-	-
<b>At 30 June 2016</b>	<b>1,000</b>	<b>44,026</b>	<b>2,151,080</b>	<b>2,196,106</b>

	Total attributable to equity shareholders £	Non- controlling interests £	Total equity £
At 1 July 2014	1,657,384	166,653	1,824,037
<b>Comprehensive income for the year</b>			
Profit for the year	56,415	6,490	62,905
<b>Other comprehensive income for the year</b>			
Investment property revaluation	38,313	-	38,313
At 1 July 2015	1,752,112	173,143	1,925,255
<b>Comprehensive income for the year</b>			
Profit for the year	463,994	93,806	557,800
Dividend paid	(20,000)	-	(20,000)
<b>Other comprehensive income for the year</b>			
Investment property revaluation	-	-	-
<b>At 30 June 2016</b>	<b>2,196,106</b>	<b>266,949</b>	<b>2,463,055</b>

# Salerno Holdings Limited

## Statement of changes in equity for the period ended 30 June 2016

COMPANY	Share capital £	Investment property revaluation reserve £	Profit & loss account £	Total attributable to equity shareholders £
At incorporation	-	-	-	-
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	20,000	20,000
<b>Other comprehensive income for the year</b>				
Shares issued	1,000	-	-	1,000
Dividends paid	-	-	(20,000)	(20,000)
Transferred from group undertaking	-	1,073,365	-	1,073,365
Investment revaluation	-	375,224	-	375,224
<b>At 30 June 2016</b>	<b>1,000</b>	<b>1,448,589</b>	<b>-</b>	<b>1,449,589</b>

# Salerno Holdings Limited

## Consolidated statement of cash flows for the period ended 30 June 2016

	2016		Note 3 2015	
	£	£	£	£
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit for the financial year		557,800		62,905
<b>Adjustments for:</b>				
Depreciation of tangible assets	60,533		66,733	
Fair value movements in investment properties	-		68,678	
Interest paid	19,183		23,387	
Interest received	(776)		(487)	
Taxation	158,812		83,640	
Increase in trade and other receivables	(870,842)		(400,338)	
Increase in trade payables	813,873		512,425	
		<b>180,783</b>		<b>354,038</b>
<b>Cash from operations</b>		<b>738,583</b>		<b>416,943</b>
Income taxes paid		(47,420)		(111,387)
<b>Net cash from operating activities</b>		<b>691,163</b>		<b>305,556</b>
<b>Cash flows from investing activities</b>				
Purchases of tangible fixed assets	(47,836)		(63,112)	
Interest received	776		487	
<b>Net cash from investing activities</b>		<b>(47,060)</b>		<b>(62,625)</b>
<b>Cash flows from financing activities</b>				
Repayment of borrowings	(160,370)		(152,050)	
Dividends paid	(20,000)		-	
Interest paid	(19,183)		(23,387)	
<b>Net cash from financing activities</b>		<b>(199,553)</b>		<b>(175,437)</b>
<b>Net increase in cash and cash equivalents</b>		<b>444,550</b>		<b>67,494</b>
Cash and cash equivalents at beginning of year		<b>137,583</b>		<b>70,089</b>
<b>Cash and cash equivalents at the end of year</b>		<b>582,133</b>		<b>137,583</b>



# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 1. General information

Salerno Holdings Limited is a private company limited by shares, incorporated in England and Wales. Its registered office is 6100 Knights Court, Solihull Parkway, Birmingham Business Park, Solihull, West Midlands, B37 7WY. The principal activity is that of a holding company for two subsidiaries whose principal activities are that of haulage contractors and property investment. The company operates within the UK and sells primarily to the UK.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

### 2. Statement of compliance

The financial statements of Salerno Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3. Principal accounting policies

#### Basis of accounting

During the period Salerno Holdings Limited merged with Sorrento Holdings Limited.

The combination of Salerno Holdings Limited and Sorrento Holdings Limited has been accounted for using merger accounting principles.

Under merger accounting principles the combination of Sorrento Holdings Limited and Salerno Holdings Limited is presented as having been in place throughout the current and comparative period. Consequently the consolidated statement of comprehensive income, the consolidated statement of financial position, the Group statement of changes in equity, the consolidated statement of cash flows and the related notes for the comparative period ended 30 June 2015 reflect the Sorrento Holdings Limited group only.

Consequently, in this Report and Financial Statements, the Group accounts are referred to as representing a financial 'year' as the merger accounting concept has been adopted, and the Company accounts are referred to as representing a financial 'period' as they reflect the period since incorporation of the Company.

These financial statements are prepared on a going concern basis, under the historical cost convention, with the exception of certain financial assets and liabilities and investment properties being measured at fair value through profit or loss. The particular accounting policies are described below and have been applied consistently throughout the period and the previous period.

The consolidated financial statements incorporate those of Salerno Holdings Limited and all of its subsidiary undertakings.

# **Salerno Holdings Limited**

## **Notes to the financial statements for the period ended 30 June 2016 (continued)**

### **3. Principal accounting policies (Continued)**

#### **Basis of accounting**

As noted above, the combination with Sorrento Holdings Limited has been accounted for using merger accounting principles as applicable to group re-organisations. In the opinion of the directors, the substance of the transaction is that of a group re-organisation.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 23.

The consolidated financial statements incorporate the financial statements of the Company and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and amortised. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. The parent Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The parent Company's profit for the year was £20,000.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The Company's and Group's business activities, together with the factors likely to affect its future developments, performance and position are set out in the Strategic Report. The Company's and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company and Group should be able to manage business risk successfully. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore continue to adopt the going concern basis in preparing the financial statements.

#### **Turnover**

Turnover represents the amount derived from the sale of logistics services falling within the group's principal activity, excluding value added tax. Revenue is recognised when the service is provided.

# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 3. Principal accounting policies (Continued)

#### Tangible fixed assets and depreciation

Tangible fixed assets are shown in the balance sheet at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its current working condition. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets on a straight line basis over their expected useful lives or, if held under a finance lease, over the lease term, whichever is shorter. The rates generally applicable are:

Freehold property	-	2% on cost
Plant and machinery	-	25% on cost
Fixtures and fittings	-	15% on reducing balance
Computer equipment	-	50% in the year of acquisition and then 20% straight line thereafter
Motor Vehicles	-	25% on cost

#### Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

#### Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 3. Principal accounting policies (Continued)

#### Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 3. Principal accounting policies (Continued)

#### Employer financed retirement benefit scheme

The Company has established an employer financed retirement benefit scheme for the benefit of its officers, employees and their wider families, the Corporate Solutions (Logistics) Limited Employer Financed Retirement Benefit Scheme ("The Scheme").

In accordance with UITF abstract 32 "Employee Benefit Trusts and other intermediate payment arrangements" the Company does not include the assets and liabilities of The Scheme on its balance sheet to the extent that it considers that it will not retain any economic benefit from the assets of The Scheme and will not have control of the rights or other access to those present economic benefits.

#### Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 4. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regards, the Directors believe that there are no critical accounting policies where judgements or estimations are necessarily applied in the financial statements.

# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 5. Turnover

The turnover is attributed to the principal activity of the group.

An analysis of turnover by geographical market is given below:

		Note 3
	2016	2015
	£	£
United Kingdom	21,898,497	16,114,604
Europe	349,756	135,881
<b>Total</b>	<b>22,248,253</b>	<b>16,250,485</b>

### 6. Operating profit

		Note 3
	2016	2015
	£	£
The operating profit is stated after charging:		
Depreciation on tangible fixed assets:		
- owned by the group	60,533	66,733
Audit fee – parent company and consolidation	2,500	1,500
Audit fee - subsidiaries	13,720	12,400
Auditors' remuneration – other services :		
- Services relating to taxation	4,500	4,500
Operating lease rentals:		
- Plant and machinery	1,833,908	1,410,839

# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 7. Directors and employees

The Directors were remunerated by the Group up to 31 August 2015 and thereafter remunerated by an outsource company, Logistics Personnel Management Limited. Similarly, the staff were remunerated by the Group up to 31 January 2016 and thereafter remunerated by Logistics Personnel Management Limited. Total staff costs incurred and recharged to the Company in the year are disclosed below:

		Note 3
	2016	2015
	£	£
Wages and salaries	1,507,107	1,166,541
Social security costs	183,034	140,630
Other pension costs	61,887	163,430
	1,752,028	1,470,601

The average monthly number of employees of the group during the year was:

		Note 3
	2016	2015
	Number	Number
Directors	4	4
Administration	28	19
	32	23

Remuneration in respect of directors was as follows:

		Note 3
	2016	2015
	£	£
Aggregate emoluments	811,770	803,713

During the period, no directors participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

		Note 3
	2016	2015
	£	£
Aggregate emoluments	238,394	206,537

# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 8. Interest payable and similar charges

	2016	Note 3 2015
	£	£
Bank loan and overdraft interest	19,183	23,387

### 9. Tax charge on profit on ordinary activities

a) The tax charge is based on the profit for the year and represents:

	2016	Note 3 2015
	£	£
<b>UK corporation tax</b>		
Current tax charge on profit for the year	157,717	77,760
Adjustments in respect of prior years	(870)	1,603
<b>Total current tax</b>	<b>156,847</b>	<b>79,363</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,965	4,277
<b>Total deferred tax (note 17)</b>	<b>1,965</b>	<b>4,277</b>
<b>Tax charge on profit on ordinary activities</b>	<b>158,812</b>	<b>83,640</b>

b) Factors affecting tax charge for the year:

The amount of the tax charge for the year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%). The differences are explained below.

	2016	2015
	£	£
Profit before taxation	716,612	146,525
Taxation at 20.00% (2015: 20.75%)	143,322	30,404
Effect of:		
Expenses not deductible for tax purposes	13,618	50,379
Movement in short term timing differences	2,742	2,364
Marginal relief	-	(1,110)
Adjustments in respect of prior years	(870)	1,603
<b>Current tax charge for the year</b>	<b>158,812</b>	<b>83,640</b>

(c) Factors affecting future tax charge

There are no significant factors affecting future tax charge.



# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 10. Tangible assets

	Freehold property	Plant and machinery	Fixtures and fittings	Motor Vehicles	Total
Group	£	£	£	£	£
<b>Cost and valuation</b>					
At 1 July 2015	640,500	603,963	2,809	16,695	1,263,967
Additions	-	47,836	-	-	47,836
Revaluations	-	-	-	-	-
<b>At 30 June 2016</b>	<b>640,500</b>	<b>651,799</b>	<b>2,809</b>	<b>16,695</b>	<b>1,311,803</b>
<b>Accumulated depreciation</b>					
At 1 July 2015	100,500	557,408	1,704	16,695	676,307
Charge for the year	14,184	46,183	166	-	60,533
<b>At 30 June 2016</b>	<b>114,684</b>	<b>603,591</b>	<b>1,870</b>	<b>16,695</b>	<b>736,840</b>
<b>Net book value</b>					
<b>At 30 June 2016</b>	<b>525,816</b>	<b>48,208</b>	<b>939</b>	<b>-</b>	<b>574,963</b>
At 30 June 2015	540,000	46,555	1,105	-	587,660

The freehold property is subject to a fixed charge (see note 16). The property at 6100 Birmingham Business Park, Solihull, was valued on an open market basis by Peter Browne FRICS of Burley Browne Chartered Surveyors at 25<sup>th</sup> January 2016.

There were no fixed assets in the company balance sheet of Salerno Holdings Limited at 30 June 2016.

# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 11. Investments

Company	Unlisted investments
Carrying value	£
Transferred from group undertaking	1,073,365
Revaluations	375,224
<b>At 30 June 2016</b>	<b>1,448,589</b>

If fixed asset investments had not been revalued they would have been included at a historical cost of £8,903 (2015: £8,903).

The company's investments at the balance sheet date in the share capital of companies include the following:

Name of undertaking	Country of incorporation	Nature of business	Description of shares held	Proportion of nominal value of issued shares held by:	
				Group %	Company %
Corporate Solutions (Logistics) Limited	England	Haulage contractors	'A' Ordinary Shares	100	100
Sorrento Holdings Limited	England	Property rental	'A' Ordinary Shares	100	100

Included within the aggregate share capital and reserves of Corporate Solutions (Logistics) Limited are ordinary "B" shares with a nominal value of £43,000. These shares do not carry any voting rights and represent 20% of the subsidiary company's ordinary share capital. The company does not have any interest in these shares.

# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 12. Investment Property

#### Group

	Group		Company
Cost and net book value	2016	2015	2016
	£	£	£
At 1 July 2015	1,517,562	1,479,249	-
Revaluations	-	38,313	-
At 30 June 2016	1,517,562	1,517,562	-

The above investment property balance includes both freehold and long leasehold property. Further to the revaluation as stated in Note 10, the directors are satisfied with the carrying value of the investment properties at the year end and believe this to be representative of market value.

The investment properties are subject to a fixed charge (see note 16).

### 13. Debtors

	Group		Company
	2016	2015	2016
	£	£	£
<b>Due within one year:</b>			
Trade debtors	3,518,817	2,806,151	-
Prepayments and accrued income	546,948	357,018	1,000
Other taxation	12,318	44,072	-
Deferred tax asset (see note 17)	-	442	-
	4,078,083	3,207,683	1,000

# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 14. Creditors: amounts falling due within one year

	Group		Company
	2016	2015	2016
	£	£	£
Bank loans and overdrafts (see note 16)	79,261	159,488	-
Trade creditors	3,172,497	2,261,531	-
Amounts owed to group undertakings	-	-	-
Corporation tax	361,667	252,240	-
Other taxation and social security	7,919	60,796	-
Accruals and deferred income	343,285	387,501	-
	<b>3,964,629</b>	<b>3,121,556</b>	<b>-</b>

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

### 15. Creditors: amounts falling due after more than one year

	Group		Company
	2016	2015	2016
	£	£	£
Bank loans (see note 16)	323,534	403,677	-

# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 16. Bank loans and overdrafts

	Group		Company
	2016	2015	2016
	£	£	£
<b>Bank loans:</b>			
Due within one year	79,261	159,488	-
Between one and two years	81,666	79,234	-
Between two and five years	241,868	324,443	-
	<b>402,795</b>	<b>563,165</b>	<b>-</b>

Bank loans of £402,795 (2015: £563,165) are secured by a fixed charge over the freehold and investment properties, repayable over a 5 year period and bear interest at rates of 3.25% and 2.5% above base rate.

### 17. Provisions for liabilities and charges

	Group		Company
	2016	2015	2016
	£	£	£
<b>Deferred tax (asset)/liability</b>			
At 1 July	(442)	(4,719)	-
Profit and loss (credit)/charge	1,965	4,277	-
<b>At 30 June</b>	<b>1,523</b>	<b>(442)</b>	<b>-</b>

Deferred tax is analysed as follows:

	Group		Company
	2016	2015	2016
	£	£	£
Accelerated capital allowances	1,523	(442)	-
<b>At 30 June</b>	<b>1,523</b>	<b>(442)</b>	<b>-</b>

The group has not recognised deferred tax assets of £160,000 (2015: £150,000) in respect of other temporary timing differences to the extent that the realisation of the related tax benefit through future taxable profits is not yet probable.

# Salerno Holdings Limited

## Notes to the financial statements for the period ended 30 June 2016 (continued)

### 18. Called up share capital

	2016
Allotted and fully paid	£
1,000 Ordinary shares of £1 each	1,000

On incorporation 1,000 Ordinary shares of £1 each were issued at par.

### 19. Non-controlling interest

The non-controlling interest is calculated as follows:

	2016	2015
Shareholders' funds:	£	£
At 1 July 2015	173,143	166,653
Profit for the financial year	93,806	6,490
<b>At 30 June 2016</b>	<b>266,949</b>	<b>173,143</b>

### 20. Commitments under leasing arrangements

#### Group

#### Operating leases

As at 30 June 2016, the group had future minimum lease payments under non-cancellable operating leases as follows:

	Other	
	2016	2015
	£	£
Operating leases which expire:		
Within one year	1,580,008	1,327,723
Within 2 to 5 years	1,648,364	2,780,127
	<b>3,228,372</b>	<b>4,107,850</b>

#### Company

At 30 June 2016, the Company had no annual non-cancellable commitments under operating leases.

# **Salerno Holdings Limited**

## **Notes to the financial statements for the period ended 30 June 2016 (continued)**

### **21. Related party transactions**

#### **Transactions with directors:**

There were no transactions with the Directors in the period (2015: £Nil), other than as disclosed in note 4.

### **22. Controlling parties**

The Group and Company and wholly owned and controlled by the directors with no one ultimate controlling party.

### **23. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted on equity or profit or loss.